

## **RBI's revised Master Circular on Government Business & Agency Commission**

The Reserve Bank of India (RBI) has issued a **revised Master Circular No. RBI/2025-26/06 CO.DGBA.GBD.No.S2/31-12-010/2025-2026 dated April 1, 2025**, to agency banks, consolidating instructions on the conduct of government business and the payment of agency commissions.

This update, effective April 1, 2025, reflects all guidelines issued up to March 31, 2025, concerning eligible and ineligible government transactions for commission.

### **Government transactions which are eligible for agency commission paid by RBI, are:**

- (a) Revenue receipts and payments on behalf of the Central/State Governments.
- (b) Pension payments in respect of Central / State Governments.

### **Government transactions which are ineligible for agency commission paid by RBI, are:**

- (a) Furnishing of bank guarantees/security deposits, etc. through agency banks by government contractors/suppliers, which constitute banking transactions undertaken by banks for their customers.
- (b) The banking business of autonomous/statutory bodies/Municipalities/companies/ Corporations/Local Bodies.
- (c) Payments which have been classified as capital in nature by government to cover losses incurred by autonomous/statutory bodies/ Municipalities/ Corporations/Local Bodies etc.
- (d) Prefunded schemes which may be implemented by a Central Government Ministry/Department (in consultation with CGA) or a State Government Department through any bank.
- (e) Transactions related to Gold Monetisation Scheme, 2015
- (f) Transactions arising out of Letters of Credit / Bank Guarantee opened by banks on behalf of Ministries/Departments etc. do not qualify for agency commission as RBI only reimburses the paid amount to the banks based on the mandate received from the governments.

**Link - <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12812&Mode=0>**